

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title:

A RESOLUTION relating to the City Light Department; adopting the recommendations of Energy and Environmental Economics Inc., on the preferred protocols and documentation to be used by City Light when proposing significant distribution capital projects to the City Council.

• **Summary of the Legislation:**

This resolution adopts the recommendations of Energy and Environmental Economics Inc., (E3), a consultancy retained by the Council to review City Light's communications practices as they relate to staffing the Council on major new capital improvement projects.

• **Background:**

In 2005, City Light published a report identifying a new transformer at the Broad Substation as the best way to provide the additional distribution capacity needed to serve growing loads in the North Downtown–South Lake Union area (NODO). However, its 2006-2011 Capital Improvement Program proposed a new substation instead.

The unexpected deviation from the published plan raised sufficient questions that the Council imposed a proviso on the substation project pending a satisfactory justification from City Light. The utility's subsequent failure to present a compelling rationale for the change led the Council to question the utility's distribution planning as it related to NODO, and engaged the services of E3 to review City Light's planning and suggest improvements where appropriate.

One of E3's recommendations was that the Council consider establishing guidelines and protocols that the department should use to transmit proposals for large distribution projects. E3 noted that other regulatory bodies, notably many state utility commissions, have such guidelines and protocols that must be met before major projects will be considered. The absence of a clear understanding of the information that would be needed to support the request appeared to be part of the reason for the utility's failure to provide a sufficiently sound rationale for the substation.

- *Please check one of the following:*

X **This legislation does not have any financial implications.** *(Stop here and delete the remainder of this document prior to saving and printing.)*